

C-14 Oct 77
Executive Registry

77-4226/3

The Director of Central Intelligence

Washington, D.C. 20505

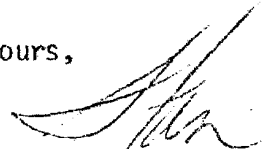
31 October 1977

Dear George,

Jim Lilley furnished me a brief report on your China trip last month and I was particularly struck with the apparent cordiality with which you were received. Jim's report also indicates several areas where further contact and discussions with your hosts might prove fruitful. (Earlier I had read the transcript of your lively meeting with Teng and found it fascinating.)

With this in mind, I wonder if you would be kind enough to call my office the next time you're here in Washington. Perhaps we could get together for lunch and a chat.

Yours,



STANSFIELD TURNER

The Honorable George Bush
First International Bank Bldg.
P.O. Box 2555
Houston, Texas 77001

(EXECUTIVE REGISTRY FILE

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FOR

THE DIRECTOR OF
CENTRAL INTELLIGENCE

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7/12/226/2

Deputy for National Intelligence

18 October 1977

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Rec'd 19 Oct

NOTE FOR: The Director

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You might be interested in reading
this brief report by Jim Lilley on his
trip to China.



Robert R. Bowie
D/DCI

Attachment

POSSIBLE
PRESIDENTIAL
BRIEFING ITEM?
AND/OR TAKE
LILLEY WITH YOU?

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25X1

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4. Observations of Chinese Officials (Cadres): The Chinese cadres accompanying us (seven of them including the high level intelligence official) were more open and forthcoming than any officials I have encountered in my long exposure to the Chinese. This was characterized by the following:

a. Humor and some sarcasm about the party line in China.

b. Improvised conversation unbound by inflexible dogma. For instance, discussions of Chinese history were often free of ideology.

c. Desire to acquire knowledge of our culture. They were interested in American music, habits and games. For instance, we taught them dominoes and gin rummy and had a bang-up musical evening with them. I suggest this augers well for future DDO development of Chinese officials.

5. Visits to Remote Areas:

a. In the most populous province of China, Szechwan, the Chinese admitted their serious problems in production and disruptions. They blamed it all on the "Gang of Four". This did not obscure their more basic problems of primitive machinery and methods, deplorable safety measures, indolent work force.

b. I took the opportunity to take long walks through reported troubled cities in Szechwan late at night. I did not detect the tension that the Schlesinger party reported last year.

c. I believe that I'm the first US Government official to visit Tibet. I met the Chinese, Jen Jung,

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who runs this huge region and talked directly with him. I questioned him on the progress of their railroad from the north and about their border situation with India. He was not forthcoming on the railroad. He did take a belligerent tone on India, certainly more so than reflected in public statements. My impressions are that Tibet is under a tight Chinese grip backed by military power. Although the Tibetans may resent this there isn't much they can do about it. I will report details of all these observations to Domestic Contact Division.

6. Vice Premier Teng Hsiao-ping: We spent an hour and a half with Teng who is considered by many analysts to be the most powerful man in China. Teng came across to me as a confident, aggressive and skillful leader. He talked authoritatively without notes and he only occasionally referred to his staff. Great deference was shown to him by the Chinese present. There was a patronizing tone to much of what he said. He made these points:

--He had nothing against negotiations with the USSR but he made it clear that he thought the Soviets bested the US in strategic negotiations. (I believe Teng was indicating the Chinese too could negotiate with the Russians.) He did attack the trend of "appeasement" in the US.

--Eurocommunism did not overly disturb the Chinese. Teng said that he was well aware of the history of the European communist movement. Teng took the simplistic view that if West Europe parties followed the Soviet line they would be exposed as puppets and rejected by the people. If they refused to obey the orders of Russia then this could lead to the development of independent communist parties, a desirable thing.

--On Taiwan, Teng repeated the standard position of the PRC. He did convey a sense of patience but with the warning that the longer the US took to solve the problem the more unfavorable the US position became. He passed the message via Bush to Vance that his concern that Vance had misrepresented the Chinese position by terming it flexible was a thing of the past.

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Teng said the Chinese were prepared to proceed with negotiations at the UN (USLO considered this an important signal).

7. Bush and the Chairman of Pennzoil, Hugh Liedtke, made a major proposal to Teng and later to the Minister of Foreign Trade on a massive arrangement between China and the US on the exploration, refining and transportation of oil. Bush considered the proposal to have strategic implications for dealing with the Soviet problem. The Chinese first made noises that the state of relations between US and China was not conducive for such an arrangement but later asked for the proposal in writing which Liedtke intends to provide.

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[REDACTED]
James R. Lilley |

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ROUTING AND RECORD

SUBJECT: (Optional)

FROM:

James R. Lilley
NIO/China
5G-00

EXTENSION

DATE

17 October 1977

25X1

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across columns after each comment)

1.

Director/NFAC 7E-44

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BY HAND

Jim -
Thanks -
Let's ask
George Bush
dug by Jim
Lunch with his
out in town
S

26 OCT 1977